

Schedule of Revenue and Expenditures

CITY OF OTTAWA

In-House Waste Collection – Zones 3 and 5

For the year ended May 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Management of the City of Ottawa – In-House Waste Collection

Opinion

We have audited the accompanying schedules of revenue and expenditures for the City of Ottawa – In-House Waste Collection for the period of June 1, 2024 to May 31, 2025, which comprise:

- the schedule of revenue and expenditures – Zone 3
- the schedule of revenue and expenditures – Zone 5
- and notes and supplementary schedules, including a summary of significant accounting policies and other explanatory information

(hereinafter referred to as the “Schedules”).

In our opinion, the accompanying Schedules referred to above are prepared, in all material respects, in accordance with the financial reporting framework included in the Agreement 19421-91027-G01 between the City of Ottawa and the City of Ottawa In-House Group (“the Entity”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Schedules***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Schedules in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 to the Schedules, which describes the applicable financial reporting framework and the purpose of the Schedules.

As a result, the Schedules may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the Schedules

Management is responsible for the preparation of the Schedules in accordance with the financial reporting framework described in Note 2 to the Schedules; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the Schedules in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a Schedules that is free from material misstatements, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatements when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedules.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatements of the Schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 28, 2025

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Revenue and Expenditures

For the period ended May 31, 2025, with comparative information for 2024

	2025	2024
Revenue	\$ 9,727,781	\$ 9,529,284
Expenditures (Schedules 1 and 2):		
Labour costs:		
Salaries	2,335,583	2,223,688
Overtime	552,333	547,021
WSIB costs	18,382	43,932
Employer benefit contributions	745,366	661,673
	3,651,664	3,476,314
Subcontracted labour	582,979	545,834
	4,234,643	4,022,148
Vehicle costs:		
Maintenance and repairs/tires	1,519,723	2,005,051
Fuel	746,265	976,679
Insurance/licensing	49,939	60,251
Depreciation	940,661	634,356
	3,256,588	3,676,337
Materials and supplies:		
Personnel/safety supplies	68,654	70,344
Tools and parts	36,224	38,431
Office/administrative supplies	11,404	11,655
Training	220	–
Miscellaneous repairs/services	46,860	30,583
Communications	16,589	18,662
	179,951	169,675
Interest on vehicle loan	167,150	101,262
Property lease	38,201	35,800
Professional services	8,000	8,000
Total expenditures	7,884,533	8,013,222
Surplus of revenue over expenditures	\$ 1,843,248	\$ 1,516,062

See accompanying notes to Schedules of Revenue and Expenses.

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Revenue and Expenditures

For the period ended May 31, 2025, with comparative information for 2024

	2025	2024
Revenue	\$ 13,037,888	\$ 12,830,892
Expenditures (Schedules 3 and 4):		
Labour costs:		
Salaries	3,487,539	3,258,398
Overtime	1,034,721	933,194
WSIB costs	45,185	16,215
Employer benefit contributions	1,071,892	930,248
	<u>5,639,337</u>	<u>5,138,055</u>
Subcontracted labour	669,129	935,698
	<u>6,308,466</u>	<u>6,073,753</u>
Vehicle costs:		
Maintenance and repairs/tires	1,966,791	2,790,167
Fuel	1,023,690	1,081,661
Insurance/licensing	63,373	64,670
Depreciation	1,286,529	727,060
	<u>4,340,383</u>	<u>4,663,558</u>
Materials and supplies:		
Personnel/safety supplies	68,738	71,698
Tools and parts	78,438	51,954
Office/administrative supplies	26,512	20,022
Training	111	200
Miscellaneous repairs/services	118,062	57,497
Communications	17,015	20,016
	<u>308,876</u>	<u>221,387</u>
Interest on vehicle loan	232,050	80,935
Property lease	38,199	35,800
Total expenditures	<u>11,227,974</u>	<u>11,075,433</u>
Surplus of revenues over expenditures	\$ 1,809,914	\$ 1,755,459

See accompanying notes to Schedules of Revenue and Expenses.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures

For the year ended May 31, 2025

1. Description of organization:

The City of Ottawa (the "City") was subdivided into a number of service zones for the purpose of waste collection to foster more competition during the 1999 collection tender call. This continued to be in effect for the new collection tender/contract, which commenced in 2006. On October 29, 2012, the five curb-side collection zones were slightly modified from the previous contract to account for population growth.

Under the new contract, signed on October 11, 2011, the City of Ottawa In-House Waste Collection division (the "Entity") was awarded the services for Zones 3 and 5 for the period from October 29, 2012 to May 31, 2019 with the option to renew for one additional year, at the City's sole option, to May 31, 2020. Under an award letter signed May 9, 2019, the contract was extended to the period from June 1, 2020 to June 4, 2023. Under another award letter signed May 5, 2021, the contract was extended to the period from June 5, 2023 to June 8, 2025. Under a further award letter signed August 9, 2023, the contract was extended from the period June 9, 2025 to March 29, 2026 (referred to as "Year 3B").

The statements of operations were prepared to report the operating results of the collection activities of Zones 3 and 5 for the period ended May 31, 2025. The Division was created through provincial legislation and is not liable for income taxes.

2. Financial reporting framework:

The Schedules are prepared in accordance with the Agreement between the City and the City of Ottawa In-House Group, effective October 11, 2011.

The above financial reporting provisions permit the use of various financial reporting frameworks. As a result, the Entity has elected to apply the recognition and measurement principles of Canadian Public Sector Accounting Standards as relevant for the preparation of the Schedules. Management has further interpreted that the financial reporting provisions do not include the presentation principles and note disclosures required by Canadian Public Sector Accounting Standards for a complete set of financial statements.

The purpose of these Schedules are for the Entity to meet its reporting obligations under the aforementioned contracts disclosed in note 1.

As a result, the Schedules may not be suitable for another purpose.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures (continued)

For the period ended May 31, 2025

3. Significant accounting policies:

The statements of operations of the Division for Zones 3 and 5 have been prepared by management in accordance with the significant accounting policies described below.

(a) Revenue:

Revenue is based on the tender agreement for the Solid Waste and Curbside Collection and Services. The current contracts have been awarded with set prices for the three-year duration of the contracts.

(b) Expenditures:

Expenditures are recorded on an accrual basis when services are rendered or goods are received.

(c) Management fee:

The annual management fee is determined by multiplying the purchase cost of the fleet by 2.5%, prorated for any acquisitions or disposals in the year. The fee is reduced by the estimated annual cost savings realized as a result of the implementation of in-house management of parts inventory by the City's Fleet Services Branch in 2017.

The fee is recognized rateably at 1/12 per month.

(d) Vehicle costs:

Vehicle costs, including maintenance and repairs, fuel, insurance and licensing, and depreciation, are charged to the Division by the City's Fleet Services Branch, which follows a full-cost recovery allocation method, whereby all costs incurred by the Fleet Services Branch must be recovered from the departments and/or branches based on a per vehicle charge to those that are actually using the vehicles.

(e) Insurance:

The Risk Management Division of the City is responsible for insuring the City's vehicles, and the Division pays a premium for the insurance policy. The policy covers liability insurance, but does not cover collisions, resulting in a lower overall premium. The cost of the premium relating to municipal fleet vehicles is paid for by the Fleet Services Branch.

A charge-back is applied to each vehicle in the Division fleet to recover this cost. Each vehicle is assigned an equal share of the overall premium.

Costs associated with actual claims are not included as part of the total expenses associated with this Division unless they pertain to the current period and are estimable.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures (continued)

For the period ended May 31, 2025

3. Significant accounting policies (continued):

(f) Licensing:

Vehicles with licence plates owned by the City are required to pay an annual fee to maintain the licence. The annual license fee paid to the Ministry of Transportation of Ontario is charged to each vehicle and allocated to the Division on a monthly basis.

(g) Maintenance, repairs and tires:

These costs include parts, labour and commercial charges.

Parts and labour charges are incurred when a vehicle is repaired by internal City staff at one of the City-owned maintenance garages. Parts are charged back to the City at cost. Labour was charged to the Division at a rate of \$130 per hour for the calendar year 2025, which is calculated as budgeted expenditures (i.e., salaries, shop supplies, etc.) for the Municipal Fleet Maintenance Cost Centres divided by the estimated billable hours of the mechanics for the period.

Commercial charges [i.e., parts and labour] are incurred when the vehicle is repaired at an external garage. The Fleet Services Branch pays the supplier invoice and then charges the actual cost to the vehicle. Open work orders and commercial invoices are accrued each month and recorded as an expenditure in the period the service is rendered or goods are received.

(h) Fuel:

Fuel is obtained at City sites and charged back at cost with no mark-up. Fuel costs include fuel hedging costs, which are allocated based on the fuel prices during the period when the fuel is consumed.

(i) Interest on vehicles:

Interest on vehicles is based on actual costs related to purchasing the vehicles and applying a rate of 4.26%, which is provided by the City's Treasury Division and is based on the cost of funds for a seven-year bond issue.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures (continued)

For the period ended May 31, 2025

3. Significant accounting policies (continued):

(j) Depreciation:

Capital assets are recorded by the City at cost, except for used vehicles, which are recorded at estimated market value at the time of commencement of the contract. These capital assets are not included in this statement of operations. The depreciation related to these capital assets is recorded as an expenditure in the statement of operations of the Division using the straight-line method over the term of the contract or the asset's useful life as follows:

Asset	Rate
Vehicles	79 – 120 months

(k) Property lease:

A lease expenditure is recorded as an allocation of estimated occupancy cost for the City.

(l) Use of estimates:

The preparation of the Schedules requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures during the period.

Actual results could differ from those estimates.

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Expenditures by Waste Stream (continued)

Schedule 1

For the period ended May 31, 2025, with comparative information for 2024

	Actual 2025			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 1,015,471	\$ 660,056	\$ 660,056	\$ 2,335,583
Overtime	240,145	156,094	156,094	552,333
WSIB costs	7,992	5,195	5,195	18,382
Employer benefit contributions	324,072	210,647	210,647	745,366
	1,587,680	1,031,992	1,031,992	3,651,664
Subcontracted labour	253,469	164,755	164,755	582,979
	1,841,149	1,196,747	1,196,747	4,234,643
Vehicle costs:				
Maintenance and repairs/tires	660,749	429,487	429,487	1,519,723
Fuel	324,463	210,901	210,901	746,265
Insurance/licensing	21,713	14,113	14,113	49,939
Depreciation	408,983	265,839	265,839	940,661
	1,415,908	920,340	920,340	3,256,588
Materials and supplies:				
Personnel/safety supplies	29,850	19,402	19,402	68,654
Tools and parts	15,750	10,237	10,237	36,224
Office/administrative supplies	4,958	3,223	3,223	11,404
Training	96	62	62	220
Miscellaneous repairs/services	20,374	13,243	13,243	46,860
Communications	7,213	4,688	4,688	16,589
	78,241	50,855	50,855	179,951
Interest on vehicle loan	72,674	47,238	47,238	167,150
Property lease	16,609	10,796	10,796	38,201
Professional services	3,478	2,261	2,261	8,000
Total expenditures	\$ 3,428,059	\$ 2,228,237	\$ 2,228,237	\$ 7,884,533
Statistical information (unaudited):				
Actual tonnage in metric tonnes	14,521	7,802	13,425	35,748
Actual cost per tonne	\$ 236	\$ 286	\$ 166	\$ 210

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Expenditures by Waste Stream (continued)

Schedule 2

For the period ended May 31, 2025, with comparative information for 2024

	Actual 2024			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 966,820	\$ 628,434	\$ 628,434	\$ 2,223,688
Overtime	237,835	154,593	154,593	547,021
WSIB costs	19,100	12,416	12,416	43,932
Employer benefit contributions	287,685	186,994	186,994	661,673
	1,511,440	982,437	982,437	3,476,314
Subcontracted labour	237,320	154,257	154,257	545,834
	1,748,760	1,136,694	1,136,694	4,022,148
Vehicle costs:				
Maintenance and repairs/tires	871,761	566,645	566,645	2,005,051
Fuel	424,643	276,018	276,018	976,679
Insurance/licensing	26,195	17,028	17,028	60,251
Depreciation	275,808	179,274	179,274	634,356
	1,598,407	1,038,965	1,038,965	3,676,337
Materials and supplies:				
Personnel/safety supplies	30,584	19,880	19,880	70,344
Tools and parts	16,709	10,861	10,861	38,431
Office/administrative supplies	5,067	3,294	3,294	11,655
Miscellaneous repairs/services	13,297	8,643	8,643	30,583
Communications	8,114	5,274	5,274	18,662
	73,771	47,952	47,952	169,675
Interest on vehicle loan	44,028	28,617	28,617	101,262
Property lease	15,566	10,117	10,117	35,800
Professional services	3,478	2,261	2,261	8,000
Total expenditures	\$ 3,484,010	\$ 2,264,606	\$ 2,264,606	\$ 8,013,222
Statistical information (unaudited):				
Actual tonnage in metric tonnes	16,715	8,707	14,023	39,445
Actual cost per tonne	\$ 208.44	\$ 260.09	\$ 161.49	\$ 203.15

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Expenditures by Waste Stream

Schedule 3

For the period ended May 31, 2025, with comparative information for 2024

	Actual 2025			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 1,860,021	\$ 813,759	\$ 813,759	\$ 3,487,539
Overtime	551,851	241,435	241,435	1,034,721
WSIB costs	24,099	10,543	10,543	45,185
Employer benefit contributions	571,676	250,108	250,108	1,071,892
	3,007,647	1,315,845	1,315,845	5,639,337
Subcontracted labour	356,869	156,130	156,130	669,129
	3,364,516	1,471,975	1,471,975	6,308,466
Vehicle costs:				
Maintenance and repairs/tires	1,048,955	458,918	458,918	1,966,791
Fuel	545,968	238,861	238,861	1,023,690
Insurance/licensing	33,799	14,787	14,787	63,373
Depreciation	686,149	300,190	300,190	1,286,529
	2,314,871	1,012,756	1,012,756	4,340,383
Materials and supplies:				
Personnel/safety supplies	36,660	16,039	16,039	68,738
Tools and parts	41,834	18,302	18,302	78,438
Office/administrative supplies	14,140	6,186	6,186	26,512
Training	59	26	26	111
Miscellaneous repairs/services	62,966	27,548	27,548	118,062
Communications	9,075	3,970	3,970	17,015
	164,734	72,071	72,071	308,876
Interest on vehicle loan	123,760	54,145	54,145	232,050
Property lease	20,373	8,913	8,913	38,199
Total expenditures	\$ 5,988,254	\$ 2,619,860	\$ 2,619,860	\$ 11,227,974
Statistical information (unaudited):				
Actual tonnage in metric tonnes	23,636	11,748	21,259	56,643
Actual cost per tonne	\$ 253.36	\$ 223.00	\$ 123.24	\$ 198.22

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Expenditures by Waste Stream (continued)

Schedule 4

For the period ended May 31, 2025, with comparative information for 2024

	Actual 2024			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 1,737,812	\$ 760,293	\$ 760,293	\$ 3,258,398
Overtime	497,704	217,745	217,745	933,194
WSIB costs	8,647	3,784	3,784	16,215
Employer benefit contributions	496,132	217,058	217,058	930,248
	2,740,295	1,198,880	1,198,880	5,138,055
Subcontracted labour	499,038	218,330	218,330	935,698
	3,239,333	1,417,210	1,417,210	6,073,753
Vehicle costs:				
Maintenance and repairs/tires	1,488,089	651,039	651,039	2,790,167
Fuel	576,885	252,388	252,388	1,081,661
Insurance/licensing	34,490	15,090	15,090	64,670
Depreciation	387,766	169,647	169,647	727,060
	2,487,230	1,088,164	1,088,164	4,663,558
Materials and supplies:				
Personnel/safety supplies	38,238	16,730	16,730	71,698
Tools and parts	27,708	12,123	12,123	51,954
Office/administrative supplies	10,678	4,672	4,672	20,022
Training	106	47	47	200
Miscellaneous repairs/services	30,665	13,416	13,416	57,497
Communications	10,676	4,670	4,670	20,016
	118,071	51,658	51,658	221,387
Interest on vehicle loan	43,165	18,885	18,885	80,935
Property lease	19,094	8,353	8,353	35,800
Total expenditures	\$ 5,906,893	\$ 2,584,270	\$ 2,584,270	\$ 11,075,433
Statistical information (unaudited):				
Actual tonnage in metric tonnes	26,002	9,398	20,461	55,861
Actual cost per tonne	\$ 227.17	\$ 274.98	\$ 126.30	\$ 198.27